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Transportation

2004/05
Annual Service Plan Report

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* *Refer to note on page 3.*

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PLEASE NOTE: On June 16, 2005, the government ministries were re-organized to reflect the new cabinet responsibilities. Many of the website addresses and links in this printed report may have changed following the government re-organization.

- A list of the new ministries is available on the government website at http://www.gov.bc.ca — follow the links to Ministries and Organizations.
- An index of all 2004/05 Annual Service Plan Reports, with up-to-date website links, is available online at http://www.bcbudget.gov.bc.ca/annualreports/ .

Message from the Minister and Accountability Statement

Now is the time to build on B.C.'s momentum. Soaring economies in our own province, as well as in Asia, mean that we are facing opportunities like never before to invest in our future success. Last year, for example, cargo shipped to China grew by 56 per cent. Over the next 20 years, container traffic between Asia and North America is expected to increase 250 per cent. With our strategic location, we now have the unique opportunity to position B.C. as Canada's and North America's Gateway to the Pacific.

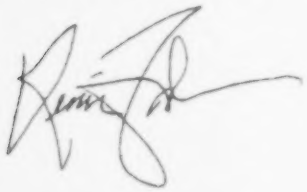
To capitalize on this and other opportunities, the Ministry of Transportation is increasing its transportation investments, with $2 billion dedicated for the next three years to help ensure our ports, airports, highways and bridges keep up with our growing success.

From the Cariboo Connector to the Sea-to-Sky Highway; from container port expansion in Prince Rupert to airport improvements in Langley; from the Kicking Horse Canyon to the William Bennett Bridge, British Columbians are getting the transportation infrastructure they deserve.

To maximize our resources, the provincial government has worked tirelessly to harness the power of partnerships. By nurturing successful relationships with the federal government, we have secured $78 million in federal cost-sharing — for this fiscal year alone — to support transportation infrastructure like improvements at B.C. border crossings. Further partnerships with the private sector help ensure taxpayers get the best value for their hard-earned dollars.

With a forward-thinking planning strategy that includes new construction across the province, we are doing what is needed to move the economy forward. I am proud to present the 2004/05 Annual Service Plan Report, which highlights our accomplishments. I look forward to working with stakeholders and user groups to further build on our momentum.

The 2004/05 Ministry of Transportation Annual Service Plan Report compares the actual results to the expected results identified in the ministry's 2004/05 Service Plan. I am accountable for those results as reported.



Honourable Kevin Falcon
Minister of Transportation

May 31, 2005

Highlights of the Year

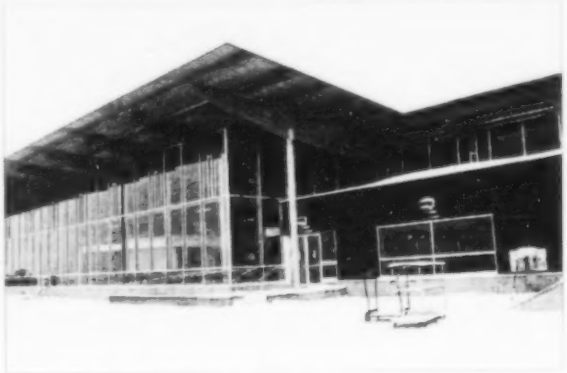
Expanding the Transportation Network

Dramatic investments in British Columbia's transportation infrastructure are strengthening the economy, making travellers safer, and enhancing the flow of people and goods throughout the province and across international borders.

In 2004/05, the provincial government made direct investments totalling $624 million in British Columbia transportation improvement projects, as the ministry and its partners in federal, provincial, regional and municipal governments and the private sector co-operate to revitalize and expand the transportation network.

Some of these important investments include:

- **Highway Rehabilitation:** Protects the public's investment in transportation assets and keeps the highway network safe and reliable through resurfacing and safety improvements, such as seismic retrofitting and guardrail installation.
- **Heartlands Roads Program:** Significantly improves the roads that provide access to communities, resources and industries in the northern and interior part of B.C.
- **Transportation Partnerships Program (Ports, Airports and Cycling):** Helps develop the closest port in the Americas to the rapidly growing Asia-Pacific market by supporting a container handling facility at the Port of Prince Rupert. Modernizes and expands airports across British Columbia to boost tourism and create new jobs and economic development opportunities. Rehabilitates small community airports to support emergency response and air access services. Assists local governments with the development of bicycle networks to make cycling a safe and attractive option for commuters.
- **Border Crossing Program:** Enhances the free flow of goods through B.C.'s busiest border crossings to keep international trade moving and the economy strong. Eliminates bottlenecks at borders and improves safety for all road users through road upgrades and investments in transportation technology. These multi-year projects, totalling $242 million, will be cost-shared with the federal government.
- **Highway Corridors:** Improves the safety and efficiency of major highways throughout the province by adding lanes, passing lanes and left-turn slots; realigning roads; and installing safety upgrades.



Fort St. John Airport Terminal

- **Okanagan Corridor Improvements:** Supports trade and tourism by replacing the Okanagan Lake Bridge with a new crossing. Reduces congestion in urban areas by four-laning Highway 97 between Summerland and Peachland, upgrading highways 97 and 33 within Kelowna, four-laning Highway 97A north of Vernon to Armstrong and upgrading key intersections with the Trans-Canada Highway.
- **Sea-to-Sky Highway Improvement Project:** Makes extensive safety, reliability and capacity improvements to the Sea-to-Sky Highway from Horseshoe Bay to Whistler. These improvements include widening and straightening the highway, improving sightlines, adding passing lanes, providing better lane delineation and incorporating other design innovations to reduce hazards, shorten travel times and increase capacity of the highway. Since 2002, the ministry has carried out extensive consultation with corridor stakeholders and communities, and consultation will continue as the project advances. The work will be completed by the end of 2009 to accommodate the 2010 Olympic Games.
- **Gateway Program:** Reduces congestion and improves the movement of people, goods and transit throughout Greater Vancouver through a proposed program of road and bridge improvements along and across the Fraser River. The program represents an estimated investment of about $3 billion. Proposed projects include:
  - South Fraser Perimeter Road, a primarily new east-west route along the south side of the Fraser River;
  - North Fraser Perimeter Road, a set of improvements to existing roads from Coquitlam to Maple Ridge, including a new high-level Pitt River Bridge to replace the existing swing bridges; and
  - Port Mann Bridge/Highway 1, which involves twinning the Port Mann Bridge, upgrading interchanges, and improving access and safety along Highway 1 from Vancouver to Langley. The project would make it possible to extend the high occupancy vehicle lanes and transit across the bridge.

The ministry is consulting with local and regional governments and conducting technical and financial analyses to develop a draft project scope for public consultation and environmental assessment review. Pre-design community consultation on the southwest Delta segment of the South Fraser Perimeter Road was completed in 2004.

Pitt River Bridge

- **Oil and Gas Exploration Roads:** Rehabilitates roads in the Northeast to help eliminate seasonal road restrictions and extend the winter drilling season for oil and gas exploration, thereby attracting new investment and creating jobs. This rehabilitation is being done in partnership with the Ministry of Energy and Mines.
- **Weigh Scales Upgrade Program:** Reduces waiting times and improves accessibility and safety. These changes will reduce trucking industry costs and allow the faster transportation of goods. The ministry is also saving money by partnering with neighboring jurisdictions on joint use facilities. For example, B.C. and Alberta partnered to build a Joint Use Vehicle Inspection Station on the Trans-Canada Highway at Golden near the provincial border.
- **Richmond-Airport-Vancouver Rapid Transit Project (RAV):** Links central Richmond, the Vancouver International Airport and Vancouver's downtown business district with a rail-based rapid transit line. The project is jointly funded by the provincial government, Vancouver International Airport, the federal government and the Greater Vancouver Transportation Authority (*TransLink*). *TransLink* will deliver the project through its subsidiary RAVCO. The province has committed $435 million to the project.

The provincial transportation investment plan is set out in detail in "Opening up BC: A transportation plan for British Columbia," available online at: http://www.gov.bc.ca/bcgov/content/images/transportation_plan_web.pdf *.

Making Public Dollars Go Further

The ministry finished its Alternative Service Delivery Project in 2004/05. The ministry now operates as a knowledgeable owner who takes advantage of the expertise and innovation of the private sector, instead of paying to keep all that expertise in-house. This change allows the ministry to meet growing transportation demands at a lower cost to the taxpayer.

Sign production, geotechnical drilling, inland ferry services, pavement marking and most electrical maintenance operations are now being delivered by the private sector. Ministry staff will continue to perform radio communications and some electrical maintenance work, as a competitive tender process did not find any private sector services that would provide better value for the taxpayer.

Slashing Red Tape

The Ministry of Transportation has cut its regulatory requirements by 41 per cent since June 2001, well over its 33 per cent target.

The new *Transportation Act* consolidates core pieces of highway legislation into one plain language document. The act eliminates outdated regulations and clarifies the highway responsibilities of provincial and local governments, making it easier for both of them to plan for the future. These changes save taxpayers' money by eliminating red tape and improving the way the ministry does business.

* *Refer to note on page 3.*

The new *Passenger Transportation Act* has replaced the outdated *Motor Carrier Act*, making it possible for bus, taxi and other commercial passenger operators to obtain licences and renewals more quickly. The act makes these industries more competitive, while still protecting and improving services for the public.

The Passenger Transportation Board has cut its regulatory requirements by 43 per cent since June 2001, well over its 33 per cent target.

Welcoming Tourists

Nine new circle routes will attract new visitors and boost tourism investment across B.C. The ministry invested approximately $3.5 million to improve the highways that make up the circle routes and has committed an additional $700,000 to mark the routes with attractive guide signs for travellers. Circle routes encourage visitors to take more time travelling in B.C., which will lead them to spend more of their vacation dollars here.

The province also invested $625,000 on a sign program to direct tourists to local wineries. Wine tourism is a rapidly growing part of B.C.'s tourism industry, which will stimulate local economies and create new job opportunities. Program costs are shared with the federal government, which will reimburse up to 50 per cent of the provincial government's investment.

To make sure visitors have a comfortable trip, the ministry is expanding and improving provincial rest stops and washroom facilities throughout B.C. Many existing rest areas will be upgraded with new picnic tables, toilets, improved walkways and wheelchair ramps, and hand sanitization stations where running water is not available. Through the ministry's Youth Employment Program, students will help maintain the rest areas and act as goodwill ambassadors for visitors from around the world.

Building Local Economies

The Northern Development Initiative Trust (NDIT) gives northern communities the ability to stimulate sustainable economic growth and job creation in their regions, ensuring that northerners share in the benefits of the BC Rail Investment Partnership with Canadian National. Northerners may use the $135 million trust to make strategic investments in forestry, pine beetle recovery, transportation, tourism, mining, energy, 2010 Winter Olympic and Paralympic Games opportunities, small business and sustainable economic development.

The NDIT is an investment for northerners, controlled by northerners, for the benefit of northerners. An independent board of directors headquartered within Prince George manages the NDIT, with the input of four regional advisory committees from the Peace, Prince George, Northwest and Cariboo-Chilcotin/Lillooet regions.

In addition, a $15 million First Nations Trust has been established from BC Rail Investment Partnership proceeds; to support economic development, educational advancement, and cultural renewal for First Nations with historic business relationships with BC Rail.

Ministry Role and Services

Vision, Mission and Values

Vision

The vision of the Ministry of Transportation is a fully integrated transportation system that advances economic and social growth, and moves people and goods within British Columbia and to markets beyond.

Mission

The mission of the Ministry of Transportation is to:

- create an integrated and safe transportation network that incorporates all modes of transport, reflects regional priorities, and provides a strong foundation for economic growth; and
- maintain and improve the provincial highway system, ensuring the safe and efficient movement of people and goods provincially, nationally and internationally.

Values

- We respect regional and community goals and priorities.
- We are responsive to the needs of British Columbia business.
- We strive for excellence and innovation.
- We respect the people we serve and work with.

Ministry Values at Work

The ministry's values play an important role in guiding its everyday work.

The Regional Transportation Advisory Committees were established to make sure the ministry was kept up to date on community priorities. The ministry responded to the needs of business by cutting regulatory requirements by over forty per cent. Excellence and innovation are now actively rewarded under the new contracts for maintaining British Columbia's roads and bridges. To make sure the ministry treats its employees and customers with the respect they deserve, their opinions and ideas for improvement are solicited regularly. As described in the Ministry's First Nations Consultation Guidelines, we build relationships with First Nations regarding activities and decisions that might impact aboriginal interests.

Whenever ministry staff develops new policies, designs new projects or reviews past accomplishments, these values are the benchmark for success.

Ministry Overview, Core Business Areas and Structure

Ministry Overview

The Ministry of Transportation plans transportation networks, provides transportation services, develops and implements transportation policies, and administers many transportation-related acts and regulations.

To accomplish its mandate, the ministry:

- develops provincial transportation plans to integrate various modes of transportation, in consultation with regional transportation advisory committees and in cooperation with the transportation-related Crown corporations;
- builds highways to meet the economic and social needs of British Columbians;
- maintains existing highways to a high standard through contracts with privately owned road maintenance providers;
- works with partners and other levels of government to provide efficient low-cost public transit and coastal ferry services;
- manages contracts for inland ferry operations; and
- licenses and regulates commercial bus and taxi services through the Passenger Transportation Board.

Legislation governing the ministry's activities can be found on the ministry website at: http://www.th.gov.bc.ca/key_initiatives/legislation/statutes.htm *.

Primary Customers and Clients

The ministry works to meet the needs of:

- the travelling public;
- emergency responders, such as ambulance services and the police;
- businesses and business travellers;
- the tourism industry;
- trucking organizations;
- passenger transportation industries;
- resource industries; and
- those applying for subdivision approvals and access to highways.

Ministry Core Business Areas and Structure

The ministry's work is organized into five core business areas. The following outlines the programs, key functions and services the ministry provides by each core business area. Some of these services are delivered through external partners, as described in the "Partners in Transportation" section of this report. The programs described here support

* *Refer to note on page 3.*

the achievement of ministry goals and objectives, as further described in the "Report on Performance" section of this report. The resources utilized by these core business areas are described in the "Report on Resources" section.

1. Transportation Improvements

Managing and improving the province's transportation network requires careful planning, monitoring and direction, looking decades into the future. The ministry ensures that the most pressing transportation needs in British Columbia are addressed first, so that the public's investment in transportation can bring as many benefits as possible. The Minister relies on the advice of eight independent Regional Transportation Advisory Committees across the province to identify and prioritize transportation projects.

The ministry's work in this core business area includes:

Transportation Policy and Legislation

Provides guidance on ministry policies and legislation.

Planning, Engineering and Construction

Responsibilities include:

- transportation planning;
- development and monitoring of the ministry's capital program, which identifies new roads and bridges for delivery;
- development of investment strategies, which address the public's transportation needs within available funding;
- quality management;
- engineering, survey and design;
- property acquisition for provincial highways;
- construction of provincial highways; and
- management of accesses, intersections and other connections to provincial highways.

Partnerships

Reduces the cost of new transportation facilities to taxpayers by:

- developing cost-sharing and alternative delivery partnerships with the private sector and other levels of government; and
- making efficient use of property under the ministry's jurisdiction, which may involve selling surplus property or exchanging it for highway construction services.

2. Public Transportation

The provincial government provides support to public transit and coastal ferry services across the province. These services are vital to the economic and social health of many communities.

BC Transit and Rapid Transit Project 2000 are supported by annual transfers of capital and/or operating funding. This funding also supports transportation services for the disabled.

Public transit in Greater Vancouver is funded through dedicated tax revenues provided to TransLink (Greater Vancouver Transportation Authority), which is responsible for public transit in the region.

The Province pays the private company British Columbia Ferry Services Inc. performance-based service fees for coastal ferry services. Many island and coastal communities rely on these connections to the rest of the province.

The provincial government also is providing significant financial support to two new rapid transit lines in the Lower Mainland: the Richmond-Airport-Vancouver Rapid Transit Project (RAV) and the North East Sector Rapid Transit Line to Coquitlam.

3. Highway Operations

Highway Operations keeps B.C.'s transportation network safe, reliable and in good repair in some of Canada's most challenging terrain.

This is the ministry's front line — working directly with the public, local governments, First Nations, and ministry contractors.

The ministry's highway operations are divided by geographic area into three regions: South Coast, Southern Interior and Northern. Each region is subdivided into districts and maintenance areas for more efficient administration.

The ministry's work in this core business area includes:

Maintenance, Asset Preservation and Traffic Operations

Customer service

Regional and district staff provide front line customer service to the public, local governments, First Nations and other stakeholders.

Highway maintenance is carried out by maintenance contractors in 28 contract areas throughout the province. Ministry staff manages the maintenance contracts and works closely with the maintenance contractors to ensure they meet ministry standards.

Rehabilitation and Upkeep

Timely rehabilitation prevents more costly repairs in the future. Highway Operations determines where investment would do the most good, resurfaces roads and bridges, replaces bridges at the end of their service life, and performs other work to extend the life of the transportation network.

This business area also is responsible for regular upkeep, such as pavement marking, electrical maintenance and signs.

Safety

Existing roads are made safer through upgrades, such as straightening curves; or minor betterments, such as guardrails.

Avalanche control and rock slope stabilization protect travellers and highway infrastructure.

Weigh Scale Management

Weigh scale operations support the economy through the movement of goods and protection of the road infrastructure.

Inland Ferries

Fresh water ferries are a crucial part of daily life for many communities. The ministry provides inland ferry services on 14 fresh water routes. It owns the vessels and contracts the ferry operation to the private sector.

Coquihalla Toll Administration

The ministry operates the toll booths on the Coquihalla Highway. Toll revenue goes into the provincial government's consolidated revenue fund.

4. Passenger Transportation Regulation

The ministry regulates the passenger transportation industry to ensure adequate public access to commercial public transportation (excluding public transit), public safety and a healthy economy.

This business area encompasses two operational units:

Passenger Transportation Board

The board is an independent body which regulates taxis, limousines, inter-city buses and other components of the commercial passenger industry requiring Special Authorization licences. It also decides appeals on administrative penalties imposed by the Registrar of Passenger Transportation.

The Passenger Transportation Board replaced the Motor Carrier Commission in June 2004. Its web site is located at: http://www.th.gov.bc.ca/ptb/ *.

Passenger Transportation Branch

The branch accepts all applications, verifies safety requirements and issues all licences, including Special Authorization licences authorized by the Board and licences for the inter-provincial and international road transport of passengers.

The Registrar of Passenger Transportation, who is also the branch director, is authorized to directly issue General Authorization licences for general passenger vehicles, provided safety and insurance requirements are addressed.

* *Refer to note on page 3.*

The branch is also responsible for compliance and enforcement activities against both licenced and unlicenced carriers, including the investigation of complaints and audits of licensees.

The branch was formerly known as the Motor Carrier Branch.

5. Executive and Support Services

This business area supports all ministry programs, through:

- the minister's and deputy minister's offices;
- service planning, reporting and performance measurement;
- financial and administrative services;
- human resources;
- facilities management;
- information systems; and
- freedom of information, protection of privacy and records management.

Partners in Transportation

The ministry works closely with other groups as it manages B.C.'s transportation network. These groups include:

- **The federal government.** The federal government provides capital funding for some provincial transportation infrastructure that serves a national interest, such as improvements to the Trans-Canada Highway, airports, border crossings and other gateways. The federal government also is responsible for roads through First Nations reserves and federal parks, and for many laws relating to marine and air travel.
- **Provincial governments.** Provincial transportation ministries work together to promote efficient transportation through-out Canada by harmonizing regulations and policies. Where national agreements are not possible or where regional priorities are most evident, the western transportation ministries collaborate on regulations, policies, strategic planning, and promotion of projects which provide mutual benefits across jurisdictions.
- **Local governments.** The ministry works with local governments to ensure they have a voice in determining provincial transportation priorities and plans. Local governments are responsible for constructing and maintaining roads that primarily benefit local travellers.
- **First Nations.** The ministry works with First Nations groups to ensure they have input into provincial transportation decisions affecting their areas.
- ***TransLink.*** *TransLink* is the regional transportation authority for Greater Vancouver. It plans, finances and operates the region's transportation system, including major roads and public transit. The ministry co-ordinates its own transportation plans with *TransLink* and co-operates on projects that serve both a regional and provincial interest.
- **Ministry of Forests.** The Ministry of Forests manages a large network of forest service roads which connect forestry lands to the provincial highway system.
- **Ministry of Public Safety and Solicitor General (MPSSG).** The ministry shares weigh scale administration with MPSSG. The Ministry of Transportation is responsible for

the operation of weigh scales, which includes the enforcement of vehicle weights, axle loading and dimensions; while MPSSG is responsible for inspections of vehicle safety and configuration, and load security.

- **Insurance Corporation of British Columbia (ICBC).** ICBC provides universal auto insurance to B.C. motorists. It is responsible for driver licensing, vehicle registration and licensing and commercial vehicle compliance. ICBC helps fund some improvements on provincial highways to reduce the risk of accidents. ICBC is a provincial Crown corporation under the jurisdiction of the Minister of Public Safety and Solicitor General.
- **Law enforcement agencies.** Traffic laws on provincial highways are enforced by the Royal Canadian Mounted Police or local police forces.
- **Roadbuilders, consulting engineers, inland ferry operators and maintenance contractors.** The ministry uses private sector companies to construct, improve and maintain provincial highways and to operate the inland ferry services, allowing the public to benefit from competition and private sector innovation. Private contractors must meet strict and specific ministry standards. Ministry staff monitors this performance closely, performs regular audits, and surveys stakeholder satisfaction. Employees stay in close contact with the contractors to ensure the quality of customer service remains high.
- **British Columbia Ferry Services Inc.** British Columbia Ferry Services Inc. has a 60-year contract with the provincial government to provide coastal ferry services. It is an independent, regulated and self-financing company. The provincial government's contract with BC Ferry Services sets out measurable service levels, such as on-time trips. Provincial payment is based on BC Ferry Services meeting these goals.
- **Railway companies:** Private railway companies provide freight and passenger services in British Columbia. The provincial government, through the British Columbia Railway Company, owns all former BC Rail railway rights-of-way, railbed and tracks; and has leased them to CN as part of the BC Rail/CN Investment Partnership. When the provincial government negotiated this partnership, it ensured shippers had a comprehensive package of remedies for any concerns about service and pricing changes.
- **Port and airport authorities.** Ports and airports in the province are overseen by independent authorities. The ministry ensures all such gateways are well served by the provincial highway system and may provide support for the expansion of key facilities.

Crown Corporations

The Minister of Transportation is responsible for the following Crown corporations:

BC Transportation Financing Authority

The BC Transportation Financing Authority (BCTFA) is a provincial Crown corporation continued under the *Transportation Act*. It owns provincial highways and provides for their rehabilitation and expansion through dedicated fuel taxes and other revenues. The BCTFA also can acquire, hold, construct, or improve other transportation infrastructure throughout British Columbia.

The chair of the BCTFA is the Minister of Transportation, and the CEO is the Deputy Minister of Transportation. The BCTFA has no dedicated full-time staff. Management is provided by staff at the Ministry of Transportation.

The operations of the BC Transportation Financing Authority are covered in this report.

BC Transit

BC Transit is a Crown corporation charged with providing public transit throughout the province, outside of the Greater Vancouver Regional District. BC Transit provides planning, marketing, fleet and funding support for all public transit services in B.C., except in the Greater Vancouver region, where public transit is the responsibility of *TransLink*. BC Transit's website is located at: http://www.bctransit.com *.

Rapid Transit Project 2000

Rapid Transit Project (RTP) 2000 Ltd. is a provincially-held company incorporated under the *Company Act*. Its primary mandate is to design and construct the Millennium Line, which links Vancouver and New Westminster via the Broadway-Lougheed corridor. *TransLink* opened the Millennium Line on August 31, 2002. The project is continuing with the construction of one more station and guideway at Vancouver Community College, which is expected to be operational in early 2006. The RTP 2000 website is located at: http://www.rapidtransit.bc.ca *.

Vancouver Community College Station

British Columbia Railway Company (BCRC)

BCRC's revised mandate post-BC Rail/CN Investment Partnership, is to continue to own the railway right-of-way, railbed and track infrastructure that supports the freight railway; and to have an on-going accountability for overseeing the long-term lease with CN. The residual assets and entities currently owned and operated by BCRC are not required to be publicly owned. As a result, Government has directed the Board of Directors to continue to wind down or exit the remaining operating assets and entities owned by the Company.

Ministry Operating Context

Organizational success can depend on the ability to scan, interpret and respond to the organization's environment. The transportation system is affected by pressures and trends worldwide. Effective planning and management of the transportation system requires the ministry to be aware of these pressures and trends and be ready to respond appropriately to them. Ministry staff monitors ongoing pressures and trends to identify the factors influencing

* *Refer to note on page 3.*

demand for transportation services, the resources needed to meet that demand, and the implications for citizens, partners and stakeholders. This monitoring provides early warning to decision makers and the findings are incorporated into ministry strategies and planning processes, contributing to the ministry's risk management strategy.

Pressures and Trends

- Economic development and population growth in British Columbia continue to increase the demand for transportation, especially in the more populous areas of the province. More vehicles are on the road and vehicles are being driven farther.
- External trade continues to be a major component of the B.C. economy, requiring improved access to international gateways. In the short-term, increased security issues have affected every border crossing in North America. B.C. must continue to facilitate cross-border traffic while remaining secure.
- Fluctuations in the price of oil significantly affect the cost of oil-based products used by the ministry such as asphalt, primer, seal coat and crack sealant. These cost pressures are addressed by program adjustments.
- Resource industries continue to require cost effective transportation to compete in world markets. Controlling transportation costs requires an integrated transportation system that links resource roads to processing facilities and moves goods on provincial highways and freight railways to interprovincial and international gateways.
- Road-based transport remains most people's preferred alternative for personal and work trips over short and medium distances.
- The use of heavier commercial trucks increases wear and tear on all highways and requires bridges to be stronger.

Risks and Effect

The ministry faces the following potential risks that may affect its capacity to deliver services and require it to find new ways to accomplish its goals:

- Wide variation in fuel prices due to world events may result in lower fuel usage, reducing the fuel tax revenues on which the ministry relies to fund needed infrastructure improvements.
- Volatility in the price of building materials, such as steel and concrete; the availability of skilled labour; or high fuel prices may create unanticipated cost pressures.
- Weather and related phenomena; such as slides, floods, avalanches and fire; likely will remain highly unpredictable and could cause major events that affect the transportation system.
- Security concerns or trade protectionism may disrupt cross-border trade in spite of infrastructure improvements.

New Era Commitments

The following table shows the status of *New Era* commitments that were outstanding at the beginning of 2004/05.

***New Era* Commitment**	**Status**
Cut the red tape and regulatory burden by one-third within three years.	Complete. The ministry exceeded its deregulation target by cutting regulatory requirements by 41 per cent (and 43 per cent for passenger transportation regulations).

Report on Performance

Overview of Ministry Goals and Linkage to Government Strategic Goals

The ministry's work reflects larger government priorities, and supports most strongly the overall government strategic goal of "a strong and vibrant provincial economy" through the accomplishment of its own established vision and goals.

The ministry works toward achieving a fully integrated transportation system that advances economic and social growth, and moves people and goods within British Columbia and to markets beyond. Meeting the following goals will help to achieve this vision.

Goal 1: Key transportation infrastructure is improved to drive economic growth and trade.

By ensuring that transportation in British Columbia is efficient, the ministry contributes to economic development and community growth. New or expanded facilities can unlock economic opportunities. Strategic highway improvements keep trade flowing smoothly. Congestion-free routes and reliable access to gateways keep the cost of shipping goods minimized.

An integrated transportation system, made up of diverse transportation modes, supports B.C.'s economy by allowing shippers to use the most cost-effective way of moving goods at each stage of travel.

Goal 2: B.C. is provided with a safe and reliable highway system.

British Columbia's economic health depends on safe and reliable highway transportation for trade, tourism and personal mobility. All highways require ongoing rehabilitation and maintenance to keep them open, safe and reliable. Regular attention to maintenance adds many years to the life of a highway, making the taxpayers' investment in transportation go further.

Goal 3: B.C.'s transportation industries become more competitive.

Modern industries control costs by minimizing the amount of goods in inventory and delivering them "just in time" when needed. Efficient transfer points between different modes of transportation, such as rail and road, are essential to holding down costs and remaining competitive in world markets.

Healthy air, marine and rail industries also are vital to our province's economy. Reducing unnecessary regulatory burden and red tape builds a strong competitive environment for these industries and all the businesses that rely on them.

Goal 4: Excellent customer service is achieved and the ministry is recognized as a good employer.

The way the ministry conducts its everyday business directly affects stakeholders and highway users. Ministry employees continually strive to improve and are committed to ensuring that customers are satisfied.

The ministry provides its employees with the best possible working environment, the right tools to succeed, and the respect and freedom needed to excel. In this way, the Ministry of Transportation will continue to be known for the high quality of its people and their results.

Report on Results

The ministry has developed many strategies to meet its objectives and advance its high-level goals. To make sure that these strategies are effective, the ministry sets measurable performance targets for each fiscal year. This report assesses how well the ministry has met these targets.

Performance measures provide a concrete way for the public to judge the effectiveness and quality of the ministry's service. They allow the ministry to learn from its successes and find areas where new approaches are needed. The ministry is committed to providing reliable and useful information that gives an accurate picture of the ministry's performance.

The performance measures below are grouped by the goals and objectives they serve.

Synopsis of Ministry Results

Ministry Goals	Ministry Key Objectives	Measures/Targets (As appropriate)	Results
1. Key transportation infrastructure is improved to drive economic growth and trade.	1. Regional and local input is used when setting transportation priorities.	Survey of RTAC members' satisfaction with ministry consideration of RTAC recommendations.	Under development.
	2. Available provincial investment dollars are used as effectively as possible.	Private investment capital leveraged. Federal funding investment leveraged. Capital project performance: – completed on budget. – completed on schedule.	Exceeded target. Missed target. Achieved target. Target mostly achieved.
	3. The worsening congestion trend in urban areas is mitigated.	Level of traffic congestion.	Achieved target.
	4. Improved mobility for highways servicing major economic gateways.	Commercial trucking travel speed between economic gateways.	Target mostly achieved.
2. B.C. is provided with a safe and reliable highway system.	1. Contractors maintain the provincial highway system to a high standard.	Maintenance cost per lane kilometre. Contractor Assessment Program.	Achieved target. Achieved target.
	2. The main highway system is systematically preserved and replaced at the lowest life-cycle cost.	Pavement condition. Bridge condition. Number of lane kilometres resurfaced.	Achieved target. Exceeded target. Exceeded target.
	3. Improved road access for resource industries and rural residents.	Surface condition. Number of lane kilometres improved.	Exceeded target. Exceeded target.
	4. Improved highway safety and reliability.	Crash reduction after construction on safety improvement capital projects. Annual total duration of unplanned highway closures.	Under development. Exceeded target.
	5. An effective risk management process is established across the ministry.	Risk management plan.	Target mostly achieved.

Ministry Goals	Ministry Key Objectives	Measures/Targets (As appropriate)	Results
3. B.C.'s transportation industries become more competitive.	1. A one-third reduction in the provincial regulatory burden on the public, industry and stakeholders.	Reduction in legislation, regulations and policies.	Exceeded target.
	2. Simplified licensing and processing procedures for commercial transportation carriers, with safety as the primary criterion.	Reduction in the number of motor carrier regulatory requirements.	Exceeded target.
	3. Reduction or elimination of third party regulations and policies that impede B.C.'s ability to compete with other jurisdictions in the transportation market.	Progress toward implementation of an amended Canada-U.S. air service agreement.	Target mostly achieved.
4. Excellent customer service is achieved and the ministry is recognized as a good employer.	1. Excellent service is provided to all British Columbians.	Customer satisfaction survey.	Achieved target.
	1. Employees are provided with the support, training and working environment they need to excel at their jobs.	Employee satisfaction survey.	Target mostly achieved.

Goal 1

Key transportation infrastructure is improved to drive economic growth and trade.

Core Business Area

Transportation Improvements.

Objective 1

Regional and local input is used when setting transportation priorities.

Key Strategies

1. Create an environment in which Regional Transportation Advisory Committees (RTACs) provide the ministry with informed and independent advice.
2. Ensure RTAC advice to the minister is included in ministry planning, program and policy initiatives and RTACs are provided with timely responses to their recommendations.

Performance Measure: Customer Survey

Performance Measure	2004/05 Target	2004/05 Actual	2004/05 Variance
Annual survey of RTAC members' satisfaction with ministry consideration of RTAC recommendations	Under redevelopment	Under redevelopment	n/a

The RTACs provide annual reports to the minister documenting their activities and recommendations. These reports identify regional needs and transportation priorities, in order to give regions a greater say in their transportation needs and planning. The customer survey measures the extent to which RTAC members feel their recommendations are given reasonable consideration in ministry policy and investment decision-making.

Given budget constraints and policy issues, the ministry may not be able to implement all of the RTAC recommendations, particularly in the short term. Where recommendations are not feasible, the ministry provides the RTACs with explanations.

The performance measure and target were changed during development of the 2005/06 – 2007/08 Service Plan. The previous performance measure for 2004/05 was documented input from RTACs and the target was to evaluate committee effectiveness. The performance measure was changed in order to provide an objective and quantifiable measure of RTAC effectiveness.

How the results are measured

In February/March 2004, a survey of RTAC members and chairs was undertaken to determine how well they felt the process was working. The results showed that overall 74 per cent were satisfied with the RTAC process and 73 per cent agreed that RTACs would positively influence transportation decisions. The survey results will be used as a benchmark for future surveys.

A second survey is planned for 2005/06.

Objective 2

Available provincial investment dollars are used as effectively as possible.

Key Strategies

1. Develop public-private partnerships, in consultation with Partnerships BC.
2. Aggressively seek federal government funding for projects.

Performance Measure 1: Investment Capital Leveraged

This performance measure includes contributions at the time of construction from non-provincial treasury sources, such as municipalities, Crown corporations, First Nations and the private sector. It does not include contributions from the federal government, which are measured separately. The performance measure also includes the net value captured from land sales. The leveraging means that for every provincial dollar invested, British Columbians receive $1.70 of total investment.

Performance Measure	Year	Target	Actual[1]	Variance
Private investment capital leveraged through public-private partnerships and defrayed or reduced costs from efficient land use	**2004/05**	$20.0 M	$26.8 M	$6.8 M
	2003/04		$24.5 M	
	2002/03		$15.5 M	

[1] The 2002/03 and 2003/04 actuals were restated to include net land sales not associated with a specific project.

How the results are measured

The contribution/recovery from partners and the land contribution are measured against the gross cost of capital projects.

Data reliability

These are the final figures at March 31, 2005.

Explanation of variance

The variance is due to higher net land sales.

Performance Measure 2: Federal Funding Leveraged

Funding from the federal government helps British Columbia achieve longer term sustainable financing for transportation improvements. The leveraging means that for every provincial dollar of investment, the federal government invests an additional 42 cents.

Performance Measure	2004/05 Target	2004/05 Actual	2004/05 Variance
Federal Funding Investment Leveraged. Capital investment from federal government programs	$79 M	$40 M	($39 M)

How the results are measured

The actual figures refer to the amount of federal funding confirmed through signed B.C./Canada contribution agreements.

Fiscal recoveries under B.C./Canada contribution agreements require the projects to be implemented within an agreed-upon time frame.

Data reliability

The recoveries are based on claims processed and accruals through the BC Ministry of Transportation and Transport Canada online administration system.

Explanation of variance

The federal government offered fewer funding programs than anticipated.

It is worth noting that the federal government has committed $450 million for the Richmond-Airport-Vancouver (RAV) Rapid Transit Line. This amount is not included in the performance measure above, so overall federal funding is higher than stated in the performance measure.

Performance Measure 3: Capital Project Performance

Accurate budgets and schedules let the ministry make effective use of the public's investment in transportation.

Performance Measures	2004/05 Target	2004/05 Actual	2004/05 Variance
Percentage of capital projects completed on or under budget	100%	100%	0%
Percentage of capital projects completed on or ahead of schedule	100%	92%	8%

How the results are measured

All projects under the capital program are aggregated each fiscal year to compare the planned cost of the projects to the actual cost and the scheduled progress of the projects to the actual progress. Total actual expenditures are compared to total approved budgets. Scheduled completion dates are compared to actual completion dates.

Data reliability

Very reliable. Officially approved budgets and schedules are compared to actual expenditures and actual completion dates.

Explanation of variance

The variance in scheduling is due primarily to delays in significant property acquisitions and some weather-related delays. Regardless, the ministry is working to better determine the factors that may impact project budgets and schedules in order to provide appropriate contingencies for them.

Objective 3

The worsening congestion trend in urban areas is mitigated.

Key Strategy

Implement cost-effective highway upgrades that improve traffic flow, reduce delay-causing crashes and add new capacity, using partnership cost-sharing where feasible.

Performance Measure: Level of traffic congestion for urban highways

This performance measure examines how often vehicles in urban British Columbia drive through a congested highway segment. The performance measure focuses on urban highways, as congestion generally is not a problem on rural highways.

A vehicle-kilometre is a single kilometre driven by one vehicle. If 10 vehicles travel through the same 2 kilometres of congested highway, this counts as 20 vehicle-kilometres travelled in congested conditions.

Performance Measure	Year	Target	Actual	Variance
Percentage of urban vehicle kilometres travelled in congested conditions	**2004/05**	14.3%	14.6%	(0.3%)
	2003/04		13.4%	
	2002/03		13.6%	
	2001/02		13.0%	

How the results are measured

Traffic count stations monitor 12 per cent of the total urban highway length, a sample which the ministry uses to represent the entire urban system.

A highway segment is considered congested whenever traffic volumes rise over 80 per cent of the segment's peak hourly volume that year.

Data reliability

This method accounts for changing traffic volumes from year to year, changing traffic flows as a result of highway improvements or problems, and differences between urban and rural conditions. Ministry traffic count station data is quite reliable.

There are many factors outside of ministry control that affect urban congestion, such as changes in population, levels of vehicle ownership, ride-sharing behaviour, and the status of adjacent non-provincial routes.

Explanation of variance

The variance is not significant given the large amount of data used in calculating this measure and the many factors that affect urban congestion.

Objective 4

Improved mobility for highways servicing major economic gateways.

Key Strategy

Improve mobility and reliability and reduce bottlenecks on major urban and rural trade corridors, using partnership cost-sharing where feasible.

Performance Measure: Commercial trucking travel speed

The speed of 1,500 heavy long-distance trucks was monitored as they travelled on primary provincial numbered highways during August to October 2004.

Performance Measure	2004/05 Target	2004/05 Actual	2004/05 Variance
Average commercial trucking travel speed between major economic gateways	80 km/hr	71 km/hr	(9 km/hr)

How the results are measured

The data comes from a private firm which provides tracking services to the trucking industry through the use of satellite technology. Truck locations were recorded each hour and whenever the ignition was switched off.

The overall average speed of 71 km per hour was calculated by dividing the total distance travelled by the total time elapsed. The speed includes mandatory stops at brake check areas and weigh scales, as well as delays due to the effects of grades and congestion.

The measured speeds ranged from 26 km per hour in congested urban areas to 83 km per hour in uncongested rural areas.

Data reliability

The data is very reliable in terms of highway coverage (6,142 km), data quantity (over 100,000 samples comprising over 7 million truck-kilometres travelled), temporal conditions (constant data from the peak summer and shoulder autumn seasons) and location (capturing both urban and rural conditions). Unreasonably low speeds were screened out.

In the winter months, the average speeds may be higher because of lower rural traffic volumes, but weather conditions would also affect the results.

Explanation of variance

The province's difficult terrain and the influence of urbanized areas make the minimum 80 km per hour average travel speed an ambitious target. The ministry is improving truck travel times through significant investments on provincial primary numbered highways.

Goal 2

B.C. is provided with a safe and reliable highway system.

Core Business Area

Highway Operations.

Objective 1

Contractors maintain the provincial highway system to a high standard.

Key Strategy

Maintain the highway system in a cost-effective way.

Performance Measure 1: Maintenance Cost

The cost of maintenance is a substantial portion of the ministry budget. The cost per lane kilometre indicates how well the ministry is containing these costs.

The majority of the cost consists of the actual expenditures on road and bridge maintenance contracts, pavement marking contracts and electrical maintenance contracts. The figure also includes an estimate of other maintenance costs, such as the cost of administering the contracts and the cost of maintenance activities performed by ministry staff, such as avalanche control.

Performance Measure	Year	Target	Actual	Variance
Maintenance cost per lane kilometre	2004/05	$4,110	$4,036	$74
	2003/04		$4,090	
	2002/03		$4,159	
	2001/02		$4,124	
	2000/01		$3,977	

How the results are measured

The total allocated cost is divided by the total number of lane kilometres of road maintained.

Data reliability

Data reliability is very high. Only one per cent of these costs are estimates. The remainder is actual costs from the financial reports.

Key Strategy

Implement the Contractor Assessment Program (CAP), a new and improved procedure for auditing the delivery of contracted highway maintenance activities.

Performance Measure 2: Contractor Assessment Program

Local and regional audits verify maintenance contractors' compliance with the contract terms. As well, key stakeholders in each service area are asked to rate their level of satisfaction with road maintenance. The results are combined to give an overall contractor assessment.

Performance Measure	Year	Target	Actual	Variance
Contractor Assessment Program	2004	91%	93%	2%
	2003		92%	
	2002		92%	

The CAP assessment period is from October 1, 2003, to September 30, 2004.

How the results are measured

CAP has three components and two seasonal sub-components. The weightings are:

	Local Assessment	Regional Assessment	Stakeholder Assessment	Total
Winter performance	30%	18%	12%	60%
Summer performance	20%	12%	8%	40%
Total	50%	30%	20%	100%

Data reliability

The CAP applies to the 2004 results only; results are included for the 18 areas where these contracts are in effect and where there was sufficient data to assess performance.

The rating represents full year (winter and summer) results for 8 of the areas, and summer results only for 10 of the areas.

The results from 2002 and 2003 are from the Quality Assurance Program, the precursor to the CAP.

Explanation of variance

The majority of the results are for summer only, which partly explains the higher assessment. It is more difficult for contractors to obtain a high assessment in winter as stakeholder expectations are higher and planning is more difficult.

Objective 2

The main highway system is systematically preserved and replaced at the lowest life-cycle cost.

Key Strategy

Regularly assess the condition of the main highways.

Performance Measure 1: Pavement Condition for Main Highways

The Pavement Condition Rating is a measure of the overall surface condition of a paved road that takes into account roughness experienced by the road user and standard engineering measurements of surface distress, such as cracks, rutting and surface defects. Scores of 70 per cent or higher qualify as good or excellent.

Performance Measure	Year	Target	Actual	Variance
Pavement condition. Percentage of kilometres on main highways where condition is good or excellent	**2004/05**	76%	75%	(1%)
	2003/04		75%	
	2002/03		75%	

How the results are measured

The ministry contracts out the collection of pavement surface condition data to contractors who use high-tech pavement evaluation vehicles that take detailed measurements at 50-metre intervals.

The pavement surface condition of primary highways is surveyed every two years. Selected secondary highways are surveyed every three years.

Data reliability

The data is collected using proven survey methodology, very specialized vehicles equipped with sophisticated monitoring equipment, and stringent quality control and quality assurance specifications.

The performance measure shows the findings of the most recent survey of the network, and cannot be interpreted as a depiction of the entire highway system in any one year. The trend over years is a better indicator of highway condition than the actual value in any one year.

Explanation of variance

The variance is acceptable within the accuracy levels of the surveys.

Performance Measure 2: Bridge Condition

Ministry staff regularly assesses the condition of bridges and their components and calculates an average ranking of bridge condition.

Performance Measure	Year	Target	Actual	Variance
Bridge condition. Percentage of bridges where condition is good or excellent	**2004/05**	80%	85%	5%
	2003/04		85%	
	2002/03		82%	

How the results are measured

Ministry Bridge Area Managers perform inspections throughout the year. Each bridge is inspected approximately once a year. Results are recorded in a database.

Data reliability

Bridge inspections follow published guidelines for component condition rating to ensure consistent results.

Bridge Area Managers are certified in bridge inspection through the joint ministry and British Columbia Institute of Technology bridge inspection course.

Explanation of variance

The targets were set in 1999, before the new bridges associated with the Vancouver Island Highway Project were entered into the ministry inventory. All of these new bridges were in good condition, raising the overall percentage of bridges in good condition. As well, the rehabilitation program has focused investment on bridge replacements and rehabilitation.

Key Strategy

Rehabilitate the main highways according to the ministry's long-term strategy and using the most cost-effective methods.

Performance Measure 3: Number of Lane Kilometres Resurfaced

Resurfacing extends the life of a highway and makes the road easier to drive. In addition to resurfacing treatments, such as hot-in-place recycling, this performance measure also includes the first time hard-surfacing of gravel roads.

The performance measure counts all individual travel lanes that have been resurfaced. For example, resurfacing 15 kilometres of a two-lane highway is recorded as 30 lane kilometres.

Performance Measure	Year	Target	Actual	Variance
Highway Rehabilitation: Number of lane kilometres resurfaced	**2004/05**	2,500	2,765	265 lane km or 10.6%
	2003/04		2,794	
	2002/03		2,165	

How the results are measured

Lane kilometres are measured in the field during the resurfacing projects.

Data reliability

The data comes from completed contract records.

Explanation of variance

The ministry accomplished more work than planned with the available resources, thanks to successful cost containment, risk management, early tendering, and close project monitoring.

Costs were contained by clustering projects and staggering the tenders.

Objective 3

Improved road access for resource industries and rural residents.

Key Strategy

Increase annual investment in Heartlands road reconstruction by $75 million in 2003/04 through 2005/06.

Performance Measure 1: Surface Condition of Heartlands Roads

The ministry has made it a priority to dramatically improve the condition of Heartlands roads, which are vital to many communities, as well as the tourism and resource industries. Few of these roads were in good condition before the ministry began this program.

Performance Measure	Year	Target	Actual	Variance
Surface Condition of Heartlands roads. Percentage of kilometres where condition is good or excellent	**2004/05**	40%	44.5%	4.5%
	2003/04		39%	
	2002/03		34%	

How the results are measured

Independent contractors measure surface distress and roughness for paved surfaces on a four-year cycle. Representative samples of gravel surfaces are also measured.

Highways that are improved through base reconstruction, first time hard surfacing, or other treatments have their surface condition measured in the field during program delivery. These measurements will be included until 2006 to provide additional data, while the automated condition surveys are underway.

Data reliability

The surveys are designed to provide accurate and representative data that will allow the ministry to analyze the side road network as a whole. The data is collected using specialized vehicles with sophisticated monitoring equipment, proven survey methodology and stringent quality control and quality assurance specifications.

The performance measure shows the findings of the most recent survey of the side road network, and cannot be interpreted as a depiction of the entire side road network system in

any one year. The trend over years is a better indicator of side road network condition than the actual value in any one year.

The first complete data set will be available in fall 2006. This will allow the ministry to set a reliable benchmark for the condition of the side road network.

Explanation of variance

Investment in the side road system improved the surface condition of 1,853 lane kilometres, representing 5.5 per cent of the side road network.

The recent road survey found a relatively high percentage of roads to be in good condition, which also contributed to the variance. However, the Kootenays have not yet been surveyed and are known to have many roads in worse condition than the provincial average. When these roads are surveyed, the overall measurement of roads in good condition will drop slightly.

Performance Measure 2: Number of lane kilometres treated for improvement — Heartlands Roads

The ministry is improving Heartlands roads with a variety of treatments, such as strengthening or reconstructing the road base, resurfacing with gravel, or first time hard-surfacing.

Performance Measure	Year	Target	Actual	Variance
Number of lane kilometres improved — Heartlands roads	**2004/05**	870	939	69 lane km or 8%
	2003/04		894	
	2002/03		870	

How the results are measured and data reliability

Reliable distance measuring devices are used in the field, and the distances are verified in the contract language of the projects.

Explanation of variance

The ministry was able to gravel more roads in the north than planned due principally to clustering of projects, cooperative weather and improved monitoring.

Objective 4

Improved highway safety and reliability.

Key Strategies

1. Monitor highway safety and improve high-risk locations, in consultation with Regional Transportation Advisory Committees.

2. Maximize highway safety and reliability through safety-focused enhancements and low-cost improvements such as signs, lighting and lane markings.
3. Work with safety partners such as ICBC, the RCMP and the Ministry of Public Safety and Solicitor General to develop a safety plan to achieve the targets established in the Canada-wide Road Safety Vision 2010.

Performance Measure 1: Crash reduction after construction on safety improvement capital projects

This performance measure will consist of separate studies. Each study will compare before-and-after crash data related to the construction safety project. The studies will typically look at the number of crashes, fatalities, crash rate, and crash severity from the five years before construction and a period of at least one year after construction.

The ministry has a set of safety projects to evaluate in this way. However, as these projects have only recently been completed, only six months of post-construction data is available. The ministry intends to wait for one full year after each project's in-service date before analyzing the project's performance.

Performance Measure	Year	Target	Actual	Variance
Crash reduction after construction on safety improvement Capital Projects	**2004/05**	Under development	Under development	n/a
	2003/04		Program initiated	

As new safety-related projects advance from the unfunded project inventory to the Transportation Investment Plan, they will be added to the Service Plan for tracking.

The safety projects selected will:

- represent projects from each region;
- take into account the Economic Development Regions and/or the advice of RTACs;
- include various project sizes; and
- include projects with various completion and in-service dates.

The initial set of 2003/04 safety projects includes all projects with severe safety issues and all Okanagan Corridor safety projects. (There were too few Okanagan Corridor safety projects to segregate further without jeopardizing the principle of representative sample size.)

How the results are measured

When police attend an automobile accident, the data they collect is sent to ICBC. ICBC removes any personal details and provides the data to the ministry.

Data reliability

A long time frame is needed to have confidence in the achieved safety benefits. After one year there may be sufficient data to get an indication; after three years there should be sufficient data to see a trend; and after five years the trend can be confirmed.

Currently the data reliability is low, as the set of 21 safety projects chosen for performance measurement does not include any that were completed over one year ago, the minimum period for useful conclusions.

Key Strategy

Prevent and minimize unplanned lane closures.

Performance Measure 2: Highway Closures

The ministry tracks all unplanned closures longer than 30 minutes on numbered highways.

Based on past experience, the ministry expects approximately 2,500 hours of unplanned closures each year. The ministry has little control over unplanned closures, as most are the result of accidents or natural causes; however, preventative maintenance does help prevent many closures.

The ministry minimizes closures by quickly clearing debris and collisions, using rock scaling and planned avalanches to prevent slides and uncontrolled avalanches, working with police to minimize the duration of closures after accidents, and making physical improvements to the highway system.

Performance Measure	Year[1]	Target	Actual	Variance
Annual duration in hours of unplanned highway closures greater than 30 minutes for all numbered highways	**2004**	2,500	1,802	698
	2003		3,723	
	2002/03		1,643	
	2001/02		608	

[1] The data set was revised in 2003 from fiscal to calendar year.

How the results are measured

Data comes from road and bridge maintenance contractors, the RCMP and ministry staff.

Actual results have been changed to reflect the calendar year rather than the fiscal year starting with 2003.

Data reliability

Data providers may not always know the exact time a closure began, but they use the best estimate that could be established at the time of the incident.

Inconsistencies with methodology, reporting, and classification make data reliability a concern for the years before 2003. The data for 2001/02 and 2002/03 represent a best estimate.

Explanation of variance

The 2004 winter had less severe storms than other years, and no forest fires that affected highway use as they did in 2003.

Objective 5

An effective risk management process is established across the ministry.

Key Strategies

1. Develop a risk management plan to balance risks against mitigation costs and potential outcomes.
2. Apply risk management tools and deliver training to ensure that internal planning and decision-making processes comply with a risk management approach.

Performance Measure: Risk management plan

A risk management plan is a process for identifying and mitigating events that may have a significant impact on ministry costs or the achievement of goals and objectives.

Performance Measure	2004/05 Target	2004/05 Actual	2004/05 Variance
Risk management plan	Completion of the plan	Plan modified. Additional pilots planned for 2005/06.	See below

Explanation of variance

In 2004/05, the initial phase of the Enterprise Risk Management (ERM) plan was developed and implemented in the ministry. ERM processes were introduced to four separate program areas on a pilot basis. The pilot results were then used to develop a broader pilot implementation of the ERM process in the ministry.

Additional ERM pilots will be implemented in 2005/06 to more fully assess how ERM could be effectively applied in the ministry.

Goal 3

B.C.'s transportation industries become more competitive.

Core Business Areas

Transportation Improvements, Highway Operations, Passenger Transportation Regulation.

Objective 1

A one-third reduction in the provincial regulatory burden on the public, industry and stakeholders.

Key Strategies

1. Review all ministry legislation, regulations and policies.
2. Maintain a zero per cent increase in regulatory requirements over the next three years. Look for opportunities to continue streamlining.

Performance Measure: Reduction in legislation, regulations and policies

As of June 2004, the ministry had cut its regulatory requirements by 41 per cent from the June 2001 baseline, well in excess of the 33 per cent target. Core highway legislation was consolidated into a new *Transportation Act*, which eliminated prescriptive requirements and adopted a results-based approach. The *Highway (Industrial) Act* was renamed the *Industrial Roads Act* and was significantly streamlined. The *Railway Act* was modernized and revised, and the *Riverbank Protection Act* was repealed.

Performance Measure	Year	Target	Actual	Variance
One third reduction in legislation, regulations and policies	2002/03–2004/05	33%	41%	8%

How the results are measured

Progress was measured on the government-wide database that tracks all changes to the baseline count. The database is administered by the Smart Regulation Office of the Ministry of Small Business and Economic Development.

Objective 2

Simplified licensing and processing procedures for commercial transportation carriers, with safety as the primary criterion.

Key Strategy

Reduce the number of motor carrier licensing regulations by June 2004.

Performance Measure: Reduction in the number of motor carrier regulatory requirements

As of June 2004, the Passenger Transportation Board had cut its regulatory requirements by 43 per cent from the June 2001 baseline, well in excess of the 33 per cent target. The *Motor Carrier Act* was replaced by a new *Passenger Transportation Act* and regulations, which has allowed the commercial passenger transportation industry to be more competitive while still protecting and improving services. The new regulations continue to streamline the process and allow operators to obtain licences and renewals in a timely fashion.

Performance Measure	Year	Target	Actual	Variance
One third reduction in the number of motor carrier regulatory requirements	2002/03–2004/05	33%	43%	10%

How the results are measured

Progress was measured on the government-wide database that tracks all changes to the baseline count. The database is administered by the Smart Regulation Office of the Ministry of Small Business and Economic Development.

Objective 3

Reduction or elimination of third party regulations and policies that impede B.C.'s ability to compete with other jurisdictions in the transportation market.

Key Strategy

Work with the Vancouver International Airport Authority (YVRAA) to encourage the federal government to adopt a policy of liberalized international air agreements that would allow more carriers to stop in Vancouver and either pick up or drop off passengers and goods.

Performance Measure: Progress toward implementation of an amended Canada-U.S. air travel agreement

This performance measure is non-traditional in that its achievement is entirely under the control of a third party (the federal government). Nevertheless, a full open skies air services agreement with the U.S. is critical to the growth of Vancouver International Airport (YVR) as a gateway to/from North America. Significant economic opportunities for British Columbia and Canada are at stake and the ministry chooses to keep this as a priority initiative.

Performance Measure	Year	Target	Actual
Progress toward implementation of an amended Canada-U.S. air service agreement	2004/05	Implement Memorandum of Cooperation strategy and report on results.	Canada and U.S. agreed to commence exploratory talks.
	2003/04		Memorandum of Cooperation with YVR Airport Authority.

How the results are measured

Results are measured in terms of milestone events, such as: the development of a Memorandum of Cooperation with YVR Airport Authority that forms the basis of presenting business case arguments to the federal government; an agreement by Canada and the U.S. to conduct talks; consultation by Canada to prepare the negotiating mandate; and commencement of formal negotiations.

Explanation of variance

The ministry developed a position paper on federal air policies, which was presented to the federal Standing Committee on Transport in April 2005. Persistent lobbying by the ministry and industry stakeholders will continue, to ensure exploratory talks commence early in 2005/06.

Goal 4

Excellent customer service is achieved and the ministry is recognized as a good employer.

Core Business Area

All.

Objective 1

Excellent service is provided to all British Columbians.

Key Strategies

1. Undertake annual surveys of customer satisfaction and compare survey results with baseline data to ensure customer needs are met.
2. Use survey results and public feedback to improve customer service.
3. Conduct focus group sessions with individual stakeholder groups to identify potential gaps in service delivery and find ways to meet customer needs better.

Performance Measure: Customer satisfaction survey

Ministry staff conducted 1,321 surveys throughout the province in 2004 to evaluate overall performance and quality of service as perceived by stakeholders and highway users of B.C.

Performance Measure	2004/05 Target	2004/05 Actual	2004/05 Variance
Customer Satisfaction Survey. Highway users' satisfaction with existing ministry services and delivery processes, rated on a scale of 1 to 10	7.0	6.9	(0.1)

The targets reflect a weighted average of several areas, and the ministry is targeting its efforts in areas that indicate a higher need for improvement.

Recent survey results suggest that streamlining business processes will increase satisfaction and also suggest that the ministry is succeeding in its efforts to improve service quality.

Canada-wide satisfaction with provincial/territorial government services averaged 6.5 out of 10, according to a recent survey commissioned by the Institute for Citizen Centered Service. Canada-wide satisfaction with road construction, maintenance and snow removal services was 4.7 out of 10.

How the results are measured

Survey results are measured through tabulation and analysis of results from our annual questionnaire, which is conducted by ministry staff and administered to highway users and stakeholder groups.

Data reliability

The survey is statistically significant and considered accurate 19 times out of 20.

Objective 2

Employees are provided with the support, training and working environment they need to excel at their jobs.

Strategy

Implement the ministry's Human Resource Management/People Plan to enhance productivity and employee satisfaction.

Performance Measure: Employee Satisfaction

The ministry has worked diligently for the last three years to achieve employee satisfaction with organizational improvements within the workplace. An employee satisfaction survey given to all ministry employees helps gauge the ministry's success.

Performance Measure	Year	Target	Actual	Variance
Employee satisfaction survey: Survey of employee satisfaction with organizational improvements	**2004/05**	67%	64%	(3%)
	2003/04		62%	
	2002/03[1]		Benchmark	

[1] The initial survey completed in 2003 was used to establish a benchmark of 62%.

How the results are measured

An independent party administered an employee satisfaction survey to all ministry employees. BC Stats analyzed and interpreted the survey results. The conclusions were shared with all levels of ministry staff.

The survey will be administered again in the fall of 2005.

Data reliability

The data generated by these employee surveys is considered quite reliable and a good indicator of employee satisfaction, as feedback from each employee is solicited.

Last year's response rate increased 15 per cent to an overall response rate of 74 per cent. The key questions relating to employee satisfaction had a 95 per cent confidence level.

Explanation of variance

This year's survey results were three per cent below the target. The ministry is focusing its efforts on the areas requiring further attention. The ministry is creating an Employee Advisory Forum which will draw members from all levels of the ministry. The forum will help develop the 2005/06 high level Human Resource Plan which will replace the existing People Plan.

Report on Resources

The ministry dedicates almost all its resources to planning, building and protecting a transportation network that will strengthen British Columbia's economies and communities. It invests heavily in transportation improvements, public transportation, and highway operations to provide this network and keep it safe and reliable. The ministry also diligently monitors the service it provides to ensure the public is getting good value for money. Minimal resources are dedicated to administering key transportation regulations.

The ministry employs a fairly small number of full time employees (FTEs), relative to the size of British Columbia's transportation network. This reflects the ministry's desire to act as a knowledgeable owner who turns to competing private companies to accomplish its objectives. This approach ensures the ministry can obtain current expertise at a competitive price.

The ministry anticipates no major changes in its available resources or the way they are invested.

2004/05 Resource Summary

	Estimated[1]	Other Authorizations	Total Estimated	Actual	Variance (Actual minus Total Estimated)[2]
Operating Expenses ($000)[3]					
Transportation Improvements	13,386	550,000	563,386	565,345	1,959
Public Transportation[4]	363,474	0	363,474	348,715	(14,759)
Highway Operations[5]	417,570	6,149	423,719	436,207	12,488
Motor Carrier Regulation	1,786	0	1,786	2,017	231
Executive and Support Services	14,844	0	14,844	14,925	81
Statutory[6]		335,000	335,000	335,000	0
Total	**811,060**	**891,149**	**1,702,209**	**1,702,209**	**0**
Full-time Equivalents (Direct FTEs)[7]					
Transportation Improvements	280	0	280	374	94
Highway Operations	630	0	630	619	(11)
Motor Carrier Regulation	19	0	19	17	(2)
Executive and Support Services	70	0	70	73	3
Total	**999**	**0**	**999**	**1,083**	**84**
Ministry Capital Expenditures (Consolidated Revenue Fund) ($000)[8]					
Transportation Improvements	473	0	473	960	487
Highway Operations	11,285	0	11,285	5,026	(6,259)
Executive and Support Services	1,522	0	1,522	21	(1,501)
Total	**13,280**	**0**	**13,280**	**6,007**	**(7,273)**

	Estimated[1]	Other Authorizations	Total Estimated	Actual	Variance (Actual minus Total Estimated)[2]
Other Financing Transactions ($000)[3]					
Prepaid Capital Advances — Public Transportation	25,200	0	25,200	18,886	(6,314)
Revenue ($000)[10]					
Total Receipts	**77,838**	**0**	**77,838**	**64,092**	**(13,746)**

[1] Estimated amounts correspond to the *Estimates* presented to the Legislature on February 17, 2004.

[2] The variance display convention has been changed this year to be consistent with the change introduced in the public accounts. Variance is in all cases "Actual" minus "Total Estimates". If the Actual is greater, then the Variance will be displayed as a positive number.

[3] The ministry manages its operating budget to the bottom line by monitoring expenditures during the year, identifying potential savings and cost pressures, and reallocating funds accordingly. The ministry received a Supplementary Estimate of $550 million which was granted to the BC Transportation Financing Authority (BCTFA) to fund the Transportation Investment Plan. The ministry also accessed government contingency for $6.149 million to fund infrastructure grants.

[4] The variance is due to debt servicing (interest) savings. Interest rates were lower than budgeted.

[5] The variance is due to additional highway directional signage, alternative service delivery delays, and costs associated with prior years' emergency repairs that were not recoverable from the Provincial Emergency Program.

[6] Statutory consists of $335 million in proceeds from the BC Rail/CN Investment Partnership, $200 million of which was transferred to the BCTFA to support Transportation Investment Plan projects and $135 million of which was transferred to the *Northern Development Initiative Trust* for economic development.

[7] FTE staff usage was over budget due to the large construction program and other initiatives including rest area maintenance.

[8] The ministry CRF capital budget was under-expended largely due to delaying the purchase of the new Francois Lake ferry.

[9] Prepaid Capital Advances are made to support Public Transportation around the province. The variance is due to revised capital expenditures by British Columbia Transit and Rapid Transit Project 2000.

[10] The majority of the ministry's revenue comes from Coquihalla tolls ($50.3 million in 2004/05). Revenue was less than expected due to BC Ferry Services Inc. paying out its debenture earlier than anticipated.

2004/05 Resource Summary — BC Transportation Financing Authority

	Total Estimated[1]	Actual	Variance (Actual minus Total Estimated)
Revenue ($000)			
Dedicated taxes[2]	425,280	426,928	1,648
Transfer payments[3]	750,000	750,000	0
Amortization of deferred contributions[4]	171,145	175,076	3,931
Other revenue[5]	4,844	12,864	8,020
Total	**1,351,269**	**1,364,868**	**13,599**
Expenditures ($000)			
Amortization	301,827	299,838	(1,989)
Interest[6]	150,357	134,997	(15,360)
Heartlands roads program[7]	35,000	11,714	(23,286)
Grant programs[8]	76,300	77,530	1,230
Operations and administration	3,866	3,499	(367)
Transportation planning[9]	4,290	31,630	27,340
Total	**571,640**	**559,208**	**(12,432)**
Net Income ($000)			
Net Earnings	**779,629**	**805,660**	**(26,031)**
Capital Plan ($000)[10]			
Transportation Improvements	**533,968**	**512,755**	**(21,213)**

[1] These amounts have been restated to be consistent with the classification of revenue and expenditures adopted for the 2005/06 and subsequent years' budgets.

[2] Dedicated taxes include 6.75 cents per litre motor fuel tax and a provincial sales tax on short-term car rentals of $1.50 per day.

[3] Transfer payments from BC Rail proceeds ($200 million) and the Consolidated Revenue Fund ($550 million).

[4] Contributions toward capital assets are deferred and amortized to income at the same rate as the related highway infrastructure is amortized to expense.

[5] Other revenue includes property and economic development revenues, net of related expenses. The variance was due to higher than budgeted land sales.

[6] Interest on borrowing used to finance construction work in progress is capitalized. Upon completion, related interest costs are expensed. The variance was due to lower than estimated interest rates.

[7] Improvements to Heartlands roads are included in capital expenditures; repairs to Heartlands roads are expensed. Total Heartlands roads program is $75 million per year, and actual expenditures for 2004/05 were $73.1 million. The variance in the expense portion was offset by a greater portion included in capital expenditures.

[8] Grant programs include grants paid under the transportation partnerships program for ports and airports, the provincial contribution to the Richmond-Airport-Vancouver Rapid Transit Project, contributions for inland ferries, and other projects.

[9] The variance in transportation planning was due to higher than anticipated public-private partnership pre-concession costs.

[10] Capital Plan numbers are net of federal funding. The variance was due to capital projects that were delayed.

Complete BC Transportation Financing Authority Financial Statements are available in the Appendix.

Major Capital Projects

Nisga'a Highway

Objective: Upgrade the Nisga'a Highway from a gravel resource road to an all-weather, two-lane highway that meets a 70 kilometres per hour standard. The upgrade is now 75 per cent complete; the remaining segments have been awarded; and construction will begin in early spring, with completion on time in October 2005. The upgrade will better serve Nass Valley residents and resource industries in the area.

Costs: The estimated total cost for the seven-year program is $52 million.

Benefits

- Safer roads.
- Travel time savings.
- Better access to British Columbia communities.
- Economic development through increased tourism and more efficient movement of goods and services.

Risks: This project has presented engineering and construction challenges due to the rugged terrain. However, few risks remain as the construction left on the Nisga'a Highway upgrade is straightforward gravel and paving work.

Lava Lake Construction — Nisga'a Highway

Kicking Horse Canyon

Objective: Upgrade the 26-kilometre section of the Trans-Canada Highway to a modern, four-lane standard from the junction of Highway 95 at Golden to the western boundary of Yoho National Park. This corridor was originally constructed throughout the 1950s and is mostly two lanes wide. It is an important route for tourism and inter-provincial trade, serving as a gateway between British Columbia and the rest of North America. Additionally, by connecting remote resource extraction sites with processing, manufacturing and distribution centres; this portion of the Trans-Canada Highway is a key part of our province's resource economies, particularly forestry and mining.

The Kicking Horse Canyon project has three phases, of which only the first two are funded and underway.

Costs and project status: The estimated cost is $191 million for the first two phases.

- **Yoho (5-Mile) Bridge (current budget $61 million):** The cost of this work is being shared with the Government of Canada under the Strategic Highway Infrastructure Program (SHIP). The federal portion is $23 million and the provincial portion is $38 million. Expenditures to March 31, 2005, are $44 million. Construction is on schedule and expected to be complete by fall 2006.

- **Park (10-Mile) Bridge (preliminary estimate $130 million):** The cost of this work is being shared with the Government of Canada under the Canadian Strategic Infrastructure Fund (CSIF). The federal portion is $62.5 million and the provincial portion is $67.5 million. The provincial government is pursuing public-private partnership delivery. A request for proposals was issued in October 2004. Design and construction by the successful proponent is expected to commence this fall. Expenditures to March 31, 2005, are approximately $1.7 million.

Note: It is anticipated that in the future there will be a third phase for upgrades from Golden to 5-Mile and 10-Mile to Yoho National Park when federal cost-sharing is secured. Improvements likely will be made over the longer term, rather than within the three-year scope of the most recent service plan.

Benefits

- Safer roads and increased capacity on a critical provincial and national gateway.
- Fewer road closures due to slides and accidents.
- Replacement of two major structures that are nearing the end of their service lives.
- Economic development through increased tourism and more efficient movement of goods and services.

Risks

- Challenging climatic and geographic conditions.
- Managing traffic during construction.

William R. Bennett Bridge (Okanagan Lake Crossing)

Objective: Construct a new five-lane crossing to replace the existing 47 year-old crossing which is now at the end of its economic and useful life, and reduce the increasing traffic congestion. The project includes improvements to the east approach through downtown Kelowna to improve traffic flow, a truck climbing lane on the west side of Okanagan Lake, and an interchange at Campbell Road on the west side of the crossing.

Costs: The new crossing and east approach improvements are estimated to cost $144 million. The increase in project costs is primarily due to escalation in construction costs for steel and cement materials and an overall increase in labour costs. Improvements to the west approach are estimated to cost an additional $20 million. The new crossing will be delivered through a public-private partnership. The west approach works will be delivered through traditional tender.

Benefits

- Safer crossing and connecting roads.
- Travel time savings due to relieved congestion.
- Economic development through increased tourism and more efficient movement of goods and services.

Risks: Engineering and construction challenges, which are substantially transferred to the private sector through the public-private partnership.

Sea-to-Sky Highway Improvement Project

Objectives: Implement extensive improvements to the existing highway between Horseshoe Bay and Whistler to improve safety, reliability and mobility. The improvements will make travel along the corridor safer for residents, commuters, tourists and businesses moving goods.

Costs: The ministry has conducted a competition to select a qualified team to design, build, finance and operate the improved Sea-to-Sky Highway. Following an extensive proposal review, the S2S Transportation Group was selected as the preferred proponent and contract negotiations were underway as of March 31, 2005. The total capital budget for the project is $600 million ($2002) and expenditures to March 31, 2005 are on budget.

Project Benefits: Additional passing lanes, wider shoulders, improved sightlines and other design innovations will improve safety and reliability. These improvements also will shorten travel times and increase the capacity of the Sea-to-Sky Highway, facilitating increased demand for resident and visitor travel, as well as goods movement.

In addition, the improvements will stimulate tourism throughout the corridor, benefit the forest and agricultural sectors and facilitate new developments. Estimates of incremental economic benefits include $297 million in Gross Domestic Product and 6,000 new jobs. Between 2010 and 2025, following completion of construction, highway users are expected to realize benefits of $873 million.

Risks:

- Difficult terrain and unstable areas that the highway crosses.
- The need to keep a large volume of traffic flowing while carrying out the improvements.
- The need to address municipal, First Nations, community and environmental issues.
- The unalterable schedule for completing the job.

Rapid Transit Project 2000

Objective: The Millennium Line project, which is mostly complete and is running smoothly, included construction of the 21.6 kilometre Millennium Line extension to the SkyTrain rail transit system in the Lower Mainland.

Rapid Transit Project 2000 Ltd. (RTP 2000) is a provincially-held company incorporated under the British Columbia *Business Corporations Act*. Its primary mandate is to design and construct the Millennium Line, which links Vancouver and New Westminster via the Broadway-Lougheed corridor. *TransLink* opened the Millennium Line to Commercial Station on August 31, 2002. During the past year, RTP 2000 continued to work toward completing the final Millennium Line station — Vancouver Community College Station, which will be handed over to the operator in December 2005 and put into revenue service in January 2006. Negotiation of an operating lease with *TransLink* is nearing completion.

Costs: RTP 2000 continues to forecast a significant under-expenditure of its total budget of $1.17 billion.

Benefits:

- Rapid transit service for current and future commuters.
- Reduced congestion.
- Reduced pollution from automobile exhaust emissions.
- Slower growth in the demand for new highway infrastructure.
- Less urban sprawl, due to compact development around transit stations.

Risks: Risks are related to one remaining section, from Commercial Station to Vancouver Community College, which faces standard construction and financial risks and is expected to be turned over to the operator in late 2005.

The RTP 2000 website is located at: http://www.rapidtransit.bc.ca *.

* *Refer to note on page 3.*

Appendix: BC Transportation Financing Authority Financial Statements

Audited Consolidated Financial Statements of

BC TRANSPORTATION FINANCING AUTHORITY

Year ended March 31, 2005

Report of the Auditor General of British Columbia

To the Chair of the Board of the BC Transportation Financing Authority

I have audited the consolidated balance sheet of *BC Transportation Financing Authority* as at March 31, 2005 and the consolidated statements of earnings and retained earnings and of cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of *BC Transportation Financing Authority* as at March 31, 2005 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Wayne Strelioff

Victoria, British Columbia
May 20, 2005

Wayne Strelioff, FCA
Auditor General

BC TRANSPORTATION FINANCING AUTHORITY
Year ended March 31, 2005

MANAGEMENT REPORT

The consolidated financial statements of the BC Transportation Financing Authority have been prepared by management in accordance with Canadian generally accepted accounting principles.

Management is responsible for the preparation of the financial statements and has established a system of internal control to provide reasonable assurance that assets are safeguarded, transactions are properly authorized, and financial records provide reliable information for the preparation of financial statements.

The Director is responsible for the review and approval of the financial statements and meets with management and the external auditor to discuss the results of the audit examination and financial reporting matters. The external auditor has full access to the Director with and without the presence of management.

The Auditor General of British Columbia has performed an independent audit of the financial statements. The Auditor's report outlines the scope of his examination and expresses an opinion on the financial statements of the BC Transportation Financing Authority.

Dan Doyle
Chief Executive Officer

Sheila Taylor
Assistant Deputy Minister, Finance
and Corporate Secretary

BC TRANSPORTATION FINANCING AUTHORITY
Consolidated Balance Sheet

As at March 31	2005	2004
	($ 000s)	($ 000s)
Assets		
Current assets		
Cash and temporary investments (note 2)	191,503	3,912
Marketable securities (note 3)	174	317
Accounts receivable	65,057	45,509
Current portion of trust funds for capital lease obligations (note 4)	15,102	9,361
Assets held for resale (note 5)	-	10,000
	271,836	69,099
Long term receivables (note 6)	6,076	4,552
Investments and Funds:		
Trust funds - for capital lease obligations (note 4)	10,610	25,222
Sinking funds - to retire capital debt (note 7)	307,462	239,992
Corridor protection (note 8)	41,008	32,978
Debt issue costs	16,679	13,905
Fixed assets (note 9)	6,514,054	6,309,167
	7,167,725	6,694,915
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	163,483	127,102
Current portion of obligations under capital leases (note 4)	15,102	9,361
Interest payable	37,347	36,628
	215,932	173,091
Deferred revenue (note 10)	71,758	72,474
Obligations under capital leases (note 4)	10,610	25,222
Capital debt (note 7)	2,781,871	3,003,826
Deferred capital contributions (note 11)	2,559,600	2,698,008
	5,639,771	5,972,621
Equity		
Retained Earnings	1,008,742	203,082
Contributed Surplus (note 11)	519,212	519,212
	1,527,954	722,294
	7,167,725	6,694,915

Commitments (note 18)
Contingencies (note 19)

The accompanying notes are an integral part of these consolidated financial statements.

On behalf of the board:

Director

BC TRANSPORTATION FINANCING AUTHORITY

Consolidated Statement of Earnings and Retained Earnings

Year Ended March 31	2005	2004
	($000s)	($000s)
Revenues		
Dedicated taxes (note 12)	426,928	415,598
Amortization of deferred contributions	175,076	176,313
Interest income	20,101	18,509
Provincial grants (note 13)	750,000	-
Other (note 13)	12,779	11,867
	1,384,884	622,287
Expenditures		
Operations		
Grant programs (note 14)	77,530	12,152
Heartlands roads program	11,714	10,339
Sierra Yoyo Desan Road improvements	-	2,563
Transportation planning	31,630	17,376
General and administrative expenses		
Ministry of Transportation (note 15)	3,499	3,525
Highway Constructors Ltd.	-	135
Amortization	297,818	284,654
Interest expense (note 16)	155,098	152,252
Write down of project costs and disposal of assets (note 17)	2,020	14,069
	579,309	497,065
Earnings before gain on sale of marketable securities	805,575	125,222
Gain on sale of marketable securities (note 3)	85	223
Net earnings	805,660	125,445
Retained earnings, beginning of year	203,082	77,637
Retained earnings, end of year	1,008,742	203,082

The accompanying notes are an integral part of these consolidated financial statements.

BC TRANSPORTATION FINANCING AUTHORITY

Consolidated Statement of Cash Flows

Year ended March 31	2005	2004
Cash provided by (used in)	($000s)	($000s)
Operations		
Net earnings	805,660	125,445
Amortization, which does not involve cash	297,818	284,654
Long term receivables	(1,524)	1,345
Deferred capital contributions	(175,076)	(176,313)
Write down of project costs and disposal of assets	2,020	14,069
Change in non-cash operating working capital:		
Marketable securities	143	-
Accounts receivable	(19,548)	(8,131)
Assets held for resale	10,000	(2,000)
Interest payable	719	2,132
	920,212	241,201
Financing		
Increase (Decrease) in capital debt - borrowings	(221,955)	168,135
Change in payables related to capital infrastructure	36,381	32,745
Contribution to sinking funds	(67,470)	(65,056)
Additions to deferred revenue	36,668	32,907
Change in capital leases	(716)	-
Change in debt issue costs	(2,774)	(3,211)
	(219,866)	165,520
Investments		
Additions to fixed assets	(512,755)	(406,845)
Increase (Decrease) in cash and temporary investments	187,591	(124)
Cash and temporary investments, beginning of year	3,912	4,036
Cash and temporary investments, end of year	191,503	3,912

The accompanying notes are an integral part of these consolidated financial statements.

BC TRANSPORTATION FINANCING AUTHORITY
Notes to Consolidated Financial Statements
Year ended March 31, 2005

BC Transportation Financing Authority (BCTFA) was established in 1993 as a Crown Corporation of the Province of British Columbia, by the enactment of the *Build BC Act*, with a mandate to plan, acquire, construct, hold and improve transportation infrastructure throughout British Columbia. On December 31, 2004, the *Build BC Act* was repealed and the *Transportation Act* became the legislative authority to continue the mandate of BCTFA.

While BCTFA owns all provincial highways and lands held for future highway development, administration, regulatory responsibility and operational authority for management of the highways, as set out in the *Highway Act*, are the responsibility of the Minister and the Ministry of Transportation.

Highway Constructors Ltd. (HCL), a wholly owned subsidiary, was formed to provide the labour force and labour relations structure for contractors working on major transportation infrastructure projects. During 2003/2004, HCL completed its legal obligation to provide the labour force for contractors and, effective January 2, 2004, ceased operations. As part of government restructuring BCTFA, the parent company, authorized a resolution to liquidate and voluntarily dissolve HCL. During May 2004, HCL's retained earnings of $698,991 were declared as a dividend to BCTFA, and the one common share outstanding was redeemed. A certificate of dissolution was issued to the Company pursuant to the provisions of the *Business Corporation Act* (British Columbia) on July 5, 2004. All outstanding liabilities and claims have been assumed by the parent company, BCTFA.

1. Significant accounting policies:

a) Basis of presentation:

As prescribed by Section 33(5) of the *Transportation Act*, the consolidated financial statements of BCTFA are prepared in accordance with Canadian generally accepted accounting principles.

b) Principles of consolidation:

The consolidated financial statements include the assets, liabilities and operating results of BCTFA and its wholly owned subsidiary, HCL. Inter-company accounts and transactions are eliminated. With the dissolution of HCL in July 2004, all retained earnings were declared as a dividend to BCTFA and the one common share was redeemed. At March 31, 2005, no HCL amounts remained to be consolidated. Comparative figures for the prior year are presented on a consolidated basis.

c) Financial instruments:

Fair value: The carrying values of cash and temporary investments, accounts receivable, accounts payable and accrued liabilities approximate their fair value.

Interest rate risk: Financial instruments include long term receivables and long term debt with varying terms and interest rates (notes 5 and 10). Management is aware of no circumstance that would indicate that fair values differ substantially from carrying values. Interest rate risk of temporary investments is limited due to the short term nature of the investments held.

Credit risk: The majority of receivables are due from government ministries or other government entities. Credit risk is limited due to the stability of these entities.

BC TRANSPORTATION FINANCING AUTHORITY
Notes to Consolidated Financial Statements
Year ended March 31, 2005

1. Significant accounting policies (continued):

d) Temporary investments and marketable securities:

Temporary investments and marketable securities are carried at the lower of cost or fair market value.

e) Corridor protection:

Corridor protection properties are stated at cost. These properties are held for future highway development. The cost of these properties will become part of work in progress when the applicable projects commence.

f) Fixed assets:

Land is stated at cost.

Work in progress consists of direct project expenditures and related financing costs. Capitalization of interest during construction ceases semi-annually when a project is substantially complete and ready to use. Project costs are written down in the year it is determined no tangible asset will result.

Highway infrastructure transferred from the Province of British Columbia is recorded at net book value and, where necessary, estimates were used.

Completed infrastructure is stated at cost. Assets are amortized on a straight-line basis over their estimated useful lives, as follows:

Asset		Useful Life
Completed infrastructure	- surfacing, safety improvements, and equipment	15 years
	- all other completed infrastructure costs (excluding land)	40 years

g) Deferred capital contributions:

Deferred capital contributions include the offset for the highway infrastructure transferred to the BCTFA from the Province of British Columbia and other capital contributions received from outside agencies. These contributions are amortized to income at the same rate as the related highway infrastructure is amortized to expense.

h) Federal and provincial taxes:

Both BCTFA and HCL are exempt from corporate income taxes. HCL is subject to the Goods and Services Tax.

BC TRANSPORTATION FINANCING AUTHORITY
Notes to Consolidated Financial Statements
Year ended March 31, 2005

1. Significant accounting policies (continued):

i) Bond discounts, premiums and issue costs:

Bond discounts and premiums are amortized using the effective yield method over the term of the related debt. Fiscal agency fees are expensed in the year incurred. Other issue costs are deferred and written off on a straight-line basis over the term of the related debt.

j) Use of estimates:

The presentation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from amounts estimated.

2. Cash and temporary investments:

Cash and temporary investments at the end of the period consist of deposits with banks and investments in money market instruments which are redeemable within a day's notice and earn interest at an average rate of 2 to 3%.

($000s)	2005	2004
Cash	1,914	1,609
Temporary investments	189,589	2,303
	191,503	3,912

3. Marketable securities:

As part of the Ballard Power Systems Inc. and the Province of BC Fuel Cell Program Agreement, BCTFA holds 28,250 shares with a market value of $0.174 million at March 31, 2005 (2004 - $0.317 million).

On April 1, 2004, BCTFA acquired 400,000 share purchase warrants in Hillsborough Resources Ltd. In January 2005, 200,000 of the share purchase warrants were redeemed for common shares at a price of $0.54 each. The 200,000 shares were subsequently sold on January 26, 2005, for a gain of $0.228 million.

The gain on the sale of marketable securities of $0.085 million is the net gain realized from the write down to market value of the Ballard Power Systems Inc. shares ($0.143 million) and the gain on the sale of the Hillsborough Resources Ltd. shares ($0.228 million).

BC TRANSPORTATION FINANCING AUTHORITY
Notes to Consolidated Financial Statements
Year ended March 31, 2005

4. Obligations under Capital Leases:

Effective March 28, 2003, BCTFA assumed obligations under capital leases for the M.V. Queen of Surrey and the M.V. Queen of Oak Bay and commitments for the buy-out options. These obligations, including payment for the buy-out options in the leases, are fully offset by irrevocable trust funds with the Province of British Columbia.

($000s)	2005	2004	Maturity Date
MV Queen of Surrey	9,605	13,644	December 2005
MV Queen of Oak Bay	16,107	20,939	March 2008
	25,712	34,583	
Consisting of:			
Current portion	15,102	9,361	
Non-current portion	10,610	25,222	
	25,712	34,583	

5. Assets held for resale:

During the year, BCTFA wrote down the book value of the investment in Bombardier Centre for Advanced Transit Systems to its net realizable value (note 17) and the asset was subsequently sold in October 2004 for $8.2 million. BCTFA had purchased this asset on behalf of the Province pursuant to a contractual commitment between Bombardier and Rapid Transit Project 2000 Ltd. The contract set out certain circumstances under which Bombardier could ultimately elect to sell the Centre at a fixed amount to the Province.

6. Long term receivables:

Long term receivables are due from partners in economic development projects. Interest rates range from 0% to 9.325% with terms from 8 to 16 years.

BC TRANSPORTATION FINANCING AUTHORITY
Notes to Consolidated Financial Statements
Year ended March 31, 2005

7. Capital debt and sinking funds:

($000s)	2005	2004
Bonds and notes payable to the Province of British Columbia		
Fixed-rate debt: Various issues at an average effective interest rate of 6.297% (2004 - 6.359%), maturing at various times to 2044.	2,067,427	2,114,122
Variable-rate debt: Various issues at an average effective interest rate of 2.681% (2004 - 2.469%), maturing at various times to 2027.	714,444	889,704
	2,781,871	3,003,826
Sinking funds on deposit with the Province of British Columbia	(307,462)	(239,992)
Net capital debt	2,474,409	2,763,834

At March 31, 2005, the coupon rates on fixed-rate debt ranged from 5.25% to 9.50% (2004 - 5.25% to 9.50%). All foreign currency debt has been swapped to Canadian dollars.

Sinking funds are established to retire debt. Projected sinking fund contributions for each of the next five years are (in $000s):

2006	53,828
2007	57,299
2008	61,886
2009	65,928
2010	70,178

The Minister of Finance is the fiscal agent of BCTFA. Debt borrowed through the provincial government's fiscal agency program carries a provincial guarantee.

Pursuant to Section 38(1) of the *Transportation Act*, BCTFA may borrow the sums of money considered necessary to carry out its mandate. BCTFA has an authorized borrowing limit, until March 31, 2007, of $3.389 billion, net of sinking funds.

BC TRANSPORTATION FINANCING AUTHORITY
Notes to Consolidated Financial Statements
Year ended March 31, 2005

8. Corridor protection:

A corridor protection fund has been established to support the acquisition of properties in advance of need as part of a corridor protection strategy. The assessed value of corridor protected lands at March 31, 2005 was $260 million.

($000s)	2005	2004
Cash	719	2,276
Properties - Revolving land account	8,911	7,354
	9,630	9,630
Properties - Transferred from the Province & other	31,378	23,348
	41,008	32,978

9. Fixed assets:

($000s)	Cost	Accumulated Amortization	2005 Net Book Value	2004 Net Book Value
Land	929,073	-	929,073	890,217
Work in progress	309,958	-	309,958	174,621
Completed infrastructure	6,915,793	1,640,770	5,275,023	5,244,329
	8,154,824	1,640,770	6,514,054	6,309,167

10. Deferred revenue:

The *Coastal Ferry Act*, passed on March 26, 2003, provided for the restructuring of BC Ferries. In April, 2003 the Province retained ownership of the ferry terminal lands by having BCTFA purchase them from British Columbia Ferry Corporation (BCFC) at fair market value and subsequently lease these assets back to BCFC for a term of 60 years. BCFC has prepaid this lease obligation, and the revenue is being amortized on a straight line basis over 60 years.

BC TRANSPORTATION FINANCING AUTHORITY
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11. Capital Contributions

($000s)	Opening Balance	Additions/ (Disposals)	Amortization	Closing Balance
Deferred Capital Contributions	2,698,008	37,858	(176,266)	2,559,600
Contributed Surplus	519,212	-	-	519,212
Total Contributions	3,217,220	37,858	(176,266)	3,078,812
Consisting of:				
Provincial government	3,121,830	1,605	(173,642)	2,949,793
Federal government	57,025	32,029	(899)	88,155
Municipal governments	8,389	2,621	(291)	10,719
Other	29,976	1,603	(1,434)	30,145
	3,217,220	37,858	(176,266)	3,078,812

Contributed surplus represents the value of land contributed to BCTFA by the Province of British Columbia at March 31, 1999.

BC TRANSPORTATION FINANCING AUTHORITY
Notes to Consolidated Financial Statements
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12. Dedicated taxes:

Under the *Transportation Act*, the Province of British Columbia collects taxes on behalf of BCTFA. Under Section 13 of the *Motor Fuel Tax Act*, BCTFA receives motor fuel tax of 6.75 cents per litre and, under Section 26 of the *Social Services Tax Act*, BCTFA receives social service tax of $1.50 per car rental day.

($000s)	2005	2004
Tax revenues earned:		
Motor Fuel Tax Act	415,928	404,598
Social Services Tax Act	11,000	11,000
	426,928	415,598

Of the 6.75 cents per litre motor fuel tax received, funds from 3.50 cents per litre are dedicated to expenditures under the multi-year Transportation Investment Plan (TIP).

TIP Dedicated Tax Revenue and Expenditures

($000s)	Prior Years	2005	Cumulative total
Revenue:			
3.5 cents/litre motor fuel tax	227,383	215,666	443,049
Provincial Expenditures:			
Expansion	82,170	231,991	314,161
Heartlands roads program	73,254	37,240	110,494
Grant programs	11,297	19,777	31,074
Pre-concession costs	29,218	31,630	60,848
	195,939	320,638	516,577
Net Balance	31,444	(104,972)	(73,528)

BC TRANSPORTATION FINANCING AUTHORITY
Notes to Consolidated Financial Statements
Year ended March 31, 2005

13. Revenue:

Provincial grants consist of transfer payments from BC Rail proceeds ($200 million) and Provincial general revenue ($550 million).

($000s)	2005	2004
Other revenue:		
Sierra Yoyo Desan Road tolls (note 15)	-	2,563
Properties	11,512	8,462
Economic development projects	1,267	807
Other	-	35
	12,779	11,867

14. Grant programs:

The BCTFA provided grants during the year under the following programs:

($000s)	2005	2004
Newly Incorporated Territory Program	31	336
Skytrain Millennium Line	(200)	201
Ports and Airports	11,777	2,297
Richmond-Airport-Vancouver Rapid Transit Project	53,359	1,318
Inland Ferries	8,000	8,000
Miscellaneous grants	4,563	-
	77,530	12,152

15. Related party transactions:

In 2005, $3.5 million (2004 - $3.5 million) was paid to the Ministry of Transportation for general services not specifically attributable to individual capital construction projects.

In addition to the services above, the Ministry of Transportation provided non-monetary support to the BCTFA for all administrative and management services, estimated at $0.25 million (2004 - $0.25 million).

The BCTFA is related through common ownership to all other Province of British Columbia ministries, agencies and crown corporations. Transactions with these entities, unless disclosed separately in these financial statements, are generally considered to be in the normal course of operations and are recorded at the exchange amount.

BC TRANSPORTATION FINANCING AUTHORITY
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16. Interest expense:

($000s)	2005	2004
Interest on capital debt	159,224	156,657
Capitalized interest	(4,126)	(4,405)
Total interest expense	155,098	152,252

17. Write down of project costs:

During 2004/05 the investment in Bombardier Centre for Advanced Transit Systems was written down to net realizable value (note 5).

18. Commitments:

At the end of each year, BCTFA has a number of general commitments outstanding for ongoing infrastructure projects. Such future expenditures are charged to the capital program of the year in which the work or service is performed. The approved capital program for 2005/06 is $519 million (2004/05 - $458 million).

19. Contingencies:

Contingent liabilities of $94.2 million (2004 - $97.6 million) remain after deducting the estimated settlement expense currently accrued from gross claims and environmental issues outstanding for capital projects.

20. Comparative Change:

Where necessary, prior year's figures have been restated to conform to the current year's presentation.